

# Exhibit 147

[REDACTED]

By Email Only

14 September 2021

Dear Sirs,

**Securities & Exchange Commission v (1) Ripple Labs Inc., (2) Bradley Garlinghouse and (3) Christian A. Larsen and Bitstamp Ltd (“Bitstamp”) (Third Party Respondent)**

1. We refer to your letter dated 8 September 2021 and to the Disclosure Order dated 16 July 2021 directing Bitstamp to produce certain information. We are instructed to provide this documentation, and also to explain the context in pursuit of the overriding objective.
2. Documents required under points 1-4 of Schedule A to the Order have been assembled by Bitstamp and are available at: [REDACTED]
3. With regards to the remaining documents, the position is as follows:

**Documents required under Point 5 of Schedule A**

4. Bitstamp does not operate a trading policy pursuant to which Bitstamp’s users purchase, sale, trade, hold or otherwise transact in XRP through Bitstamp’s services, platforms or products. Instead, the trading is governed by Bitstamp’s Terms of Use (provided to you under point 4 of Schedule A; see below) and, specifically, a section titled “Trading with Bitstamp”. Other trading related aspects, including trading, deposit and withdrawal options, are further described in a FAQ tab on the Bitstamp’s website (<https://www.bitstamp.net/faq>).

**Documents required under Point 6 of Schedule A**

[REDACTED]

5. Bitstamp's API documentation is available on the Bitstamp website as follows:

5.1 HTTP API - <https://www.bitstamp.net/api/>;

5.2 Websocket API v2 - <https://www.bitstamp.net/websocket/v2/>; and

5.3 Public FIX interface - <https://www.bitstamp.net/fix/>

6. Bitstamp has been using TRADExpress Trading System provided by Nasdaq (previously Cinober) for XRP orders and trades since January 22, 2020. TRADExpress Trading System is a fully developed, modular, multi-asset and multi-market trading platform for high-volume trading venues. Prior to that, Bitstamp used an internal trading and matching engine solution. All TRADExpress products run on the same TRADExpress platform.

The business functions in TRADExpress Trading System handle orders and quotes that are received either directly from trading clients or via APIs such as FIX or EMAPI (External Messaging API). The system matches orders and quotes according to trading schedules and order books. Once the order or quote has been matched (executed), the trade can be sent for posttrade processing.

**Documents required under Point 7 of Schedule A:**

**Point 7. a.)**

7. As explained above, the trading aspect is governed by Bitstamp's Terms of Use.
8. In terms of processing trades between exchange customers, the order management component captures all incoming order actions and validates, processes, and responds to them. Orders can be entered in a single order book or in a combination of order books. TRADExpress Trading System provides a variety of order actions, types, combinations, etc. that support a vast range of trading strategies.
9. With regards to how these are reflected in Bitstamp's internal account management system, this is done by way of updating the internal ledger where seller's Bitstamp account is debited and buyer's Bitstamp account is credited with cryptocurrency subject to trade.

**Point 7.b.)**

10. Bitstamp does not differentiate between “stages” of a trade. Bitstamp’s Terms of Use at section “Your Bitstamp Account”, subsection “Refund Policy” say that all sales and purchases of virtual assets and other digital assets made with any payment method are final. In other words, there is no stage at which the customer is able to cancel the trade. There is no cooling off period. Bitstamp does not accept any returns or provide refunds for purchase of virtual assets or any other digital assets from Bitstamp, except for the cases provided in Bitstamp Terms of Use, see section “Your Bitstamp Account”, subsection “Closing Your Account”.
11. In the event the exchange of fiat currency to virtual assets or other digital assets is not processed because of any technical issues or high price volatility during the card purchase procedure, Bitstamp credits the client’s account with fiat currency.

**Point 7.c.)**

12. Trading confirmations and transaction history are available for each Bitstamp customer within the customer’s own account on the Bitstamp website/platform under the “Activity” tab.

**Point 7.d.)**

13. Bitstamp does not operate customers’ wallets nor does it have custody over crypto assets. Instead, wallets are operated by BitGo, which is also a custodian of Bitstamp’s customers’ crypto assets contained in wallets. BitGo holds such wallets in the name of Bitstamp, which acts as an agent for its customers. Terms governing the custody of wallets are set out at: [https://www.bitstamp.net/bitgo\\_customer\\_terms/](https://www.bitstamp.net/bitgo_customer_terms/).
14. In practical terms, Bitstamp’s customers transfer their crypto assets directly to the wallet(s) held by BitGo. Due to the “multi-signature” protection for all wallets, two private keys are required to accomplish each transfer from or to the BitGo wallets. BitGo and Bitstamp individually hold one private key each, whilst the third key is physically stored in a vault. Consequently, a single party (be it a customer or not) is unable to make any transfer of crypto assets from or to BitGo wallet(s).
15. Wallet(s) held by BitGo are omnibus wallet(s) and are not opened for each customer. BitGo does not possess any customers’ personal data. The sub-depository is established and maintained by Bitstamp.

*Virtual Currencies (“VCs”) Deposits*

16. Unlike fiat transactions, in which the currency is held in a bank account, Bitstamp serves as the repository system for VC transactions. Bitstamp’s customers are able to deposit BTC and other VCs with Bitstamp from their digital wallets.
17. Bitstamp uses 3-layer wallets setup, hot wallet (the “**Hot Wallet**”), warm wallet (the “**Warm Wallet**”) and cold wallet (the “**Cold Wallet**”).
18. Each customer has a unique VC public key available in their account information when they log on the Bitstamp website, which they can use to deposit VC to their Bitstamp account. Customers initiate the VC deposit from their private VC wallet and Bitstamp receives the VC in its online Hot Wallet.
19. The Hot Wallet is exposed to external parties and holds 3-5% of specific crypto asset. It serves as a gateway for Bitstamp’s automatic crypto deposit and crypto withdrawals processing, meaning direct client interaction. If availability of crypto asset decreases below a certain threshold, this crypto asset needs to be topped up from the Warm Wallet. If availability of crypto asset exceeds a certain threshold, the amount in excess needs to be transferred to the Cold Wallet.
20. The Warm Wallet serves as a staging wallet between the Hot Wallet and Cold Wallet and is completely offline.
21. The Cold Wallet Cold wallet is holding 90% of cryptot assets and is completely offline.

*Hot Wallet Safeguards*

22. Bitstamp has “multi-signature” protection for all Hot Wallet balances. Bitstamp has contracted with BitGo as its multi-signature vendor, and has installed software requiring that each and every transaction must be reviewed and processed by BitGo, holding one of the crypto “keys” needed to accomplish each transaction. BitGo holds private keys for Hot, Warm and Cold Wallets held in the name of Bitstamp in the U.S.
23. All VC stored in Bitstamp’s Hot Wallet is covered by sufficient capital reserves to cover any loss and are insured with a comprehensive crime policy in the amount of \$50 million.

24. Notwithstanding the above, Bitstamp use their own Ripple hot wallet for holding XRP in a hot wallet.
25. Bitstamp Ltd. periodically rebalances its Hot Wallet to move funds into its offline Warm/Cold Wallet. In the event a deposit of VC causes the Hot/Warm Wallet to exceed the funds Bitstamp needs to meet expected order flows, Bitstamp will rebalance the Wallet by transferring VC to its offline Warm/Cold Wallet.

*Warm and Cold Wallet Safeguards*

26. Bitstamp has taken the step of contracting with a third-party wallet provider to assist them in safely storing VC on behalf of Bitstamp's customers. All VC stored in a Warm/Cold Wallet with Bitstamp is covered by insurance.

**Documents required under Point 8 of Schedule A**

27. The account opening information sent to a new Bitstamp customer is divided into three tranches of emails, namely:

27.1 "Complete your registration" email, which reads as follows:

*"Your Bitstamp account registration is almost complete. Please click the button below to **confirm your email and create a password**.*

*\*\*\*Complete your registration\*\*\**

***The confirmation link will expire in 2 hours**, after which point you will have to register again."*

27.2 "Welcome to Bitstamp" email, which reads as follow:

*"Welcome to Bitstamp!*

*To activate your account, **log in and follow the steps on the page**.*

*You will have to verify your identity and set up some additional security before you can start trading.*

*\*\*\*Get started\*\*\**

*Your User ID is <user1234>*

*This ID functions as your Bitstamp username. You can use either your **email** or **User ID** to log in."*

27.3 "Verification successful" email, which reads as follows:

*"Your verification request has been **confirmed**. You can now start buying and selling crypto at Bitstamp.*

*\*\*Log in\*\**

**Documents required under Point 9 of Schedule A**

**Point 9.a.)**

28. Whilst registered in the United Kingdom, Bitstamp has principal financial functions and operational control of the activities in Slovenia, see page 3 of the attached Annual Report and Financial Statements for 2020 for Bitstamp downloaded directly from the Companies House.

**Point 9.b.)**

29. Bitstamp's place of incorporation is the United Kingdom. Please see attached the Certificate of Incorporation downloaded directly from Companies House's website.

**Point 9.c.)**

30. The registered office address of Bitstamp is 5 New Street Square, London EC4A 3TW, United Kingdom. An extract from Companies House's website is attached.

**Point 9.d.)**

31. As explained above, Bitstamp does not use/does not have control/custody over crypto wallets. Bitstamp is not involved in asset trading. Instead it provides an exchange platform for its customers.
32. XRP warm and cold wallets are hosted on BitGo, while XRP hot wallet is managed by Bitstamp.

**Point 9.e.)**

33. All of Bitstamp's production servers run at AWS Frankfurt and AWS Ireland.

**General remarks**

34. In April 2020, all accounts opened with Bistamp (including accounts belonging to Ripple Labs Inc., Bradley Garlinghouse and Christian A. Larsen) were migrated to Bitstamp USA, Inc. in accordance with Business Transfer Agreement signed between Bitstamp and Bitstamp USA Inc. As such, all records and accounts history have, since April 2020, been in control of Bitstamp USA Inc. Nevertheless, in the spirit of co-operation, Bitstamp has obtained the requested documents to the extent possible.
35. Further, whilst Bitstamp is willing to remain co-operative and respects its obligations under the Order, it needs to be recognised that there certain categories of documents, such as, for example, formal policies or manuals required under points 5-7 of Schedule A, do not exist. Instead, thorough explanations and descriptions of issues at hand have been provided above to assist your clients and the Court.
36. Please confirm safe receipt.

Yours faithfully,

